

Exhibit J

1

2 UNITED STATES BANKRUPTCY COURT

3 SOUTHERN DISTRICT OF NEW YORK

4 Case No. 08-13555 (JMP)

5 Case No. 08-01420 (JMP) (SIPA)

6 Adv. Case No. 09-01728

7 - - - - -x

8 In the Matter of:

9 LEHMAN BROTHERS HOLDINGS INC., et al.,

10 Debtors.

11 - - - - -x

12 In the Matter of:

13 LEHMAN BROTHERS INC.,

14 Debtor.

15 - - - - -x

16 MICHIGAN STATE HOUSING DEVELOPMENT

17 AUTHORITY,

18 Plaintiff,

19 -against-

20 LB DERIVATIVE PRODUCTS INC., et al.,

21 Defendants.

22 - - - - -x

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24 (cont'd. on next page)

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1 U.S. Bankruptcy Court

2 One Bowling Green

3 New York, New York

4

5 September 22, 2010

6 10:02 AM

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8 B E F O R E:

9 HON. JAMES M. PECK

10 U.S. BANKRUPTCY JUDGE

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2 STATUS CONFERENCE

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4 HEARING re Motion for Authorization to Reject Certain Executory

5 Contracts [Docket No. 11201]

6

7 HEARING re Motion of Taipei Fubon Commercial Bank Co., Ltd.

8 Seeking Authority to Assign its Interests as Lender in a

9 Promissory Note Issued by Lehman Brothers Holdings Inc. [Docket

10 No. 11051]

11

12 HEARING re Debtors' Motion for Approval of (I) A Settlement

13 Agreement between the Debtors and Aurora Bank FSB Regarding the

14 Master Forward Agreement and Other Matters and (II) Certain

15 Other Related Relief, Including Authorization of (A) Certain

16 Debtors to Make Capital Transfers, (B) LBHI to Enter into a

17 Capital Maintenance Agreement, and (C) LBHI to Extend the

18 Duration of the Amended Repurchase Agreement and Financing

19 Facility [Docket No. 11141]

20

21 HEARING re Debtors' Motion for Approval of (I) a Settlement

22 Agreement between the Debtors and Woodlands Commercial Bank and

23 (II) Certain Related Relief, including Authorization of (A)

24 Certain Debtors to Make Capital Transfers and (B) LBHI to Enter

25 Into a Capital Maintenance Agreement [Docket No. 11142]

1

2 HEARING re Motion of Lehman Commercial Paper Inc. for Approval
3 of that Certain Amended and Restated Compromise by and Among
4 Lehman Commercial Paper Inc., Alfred H. Siegel, as Chapter 11
5 Trustee for the SunCal Debtors, and the Official Committee of
6 Unsecured Creditors in the SunCal Bankruptcy Cases [Docket No.
7 11153]

8

9 HEARING re Motion of the Chapter 11 Trustee of the SunCal
10 Master Debtors for Relief from the Automatic Stay [Docket No.
11 9642]

12

13 HEARING re Michigan State Housing Development Authority v. LB
14 Derivative Products Inc., et al. [Adv. Case No. 09-01728]

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24 Transcribed By: Clara Rubin and Sharona Shapiro

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LBHI, et al; LBI

1 Your Honor, yesterday the SunCal trustee, who had been
2 struggling trying to get a hearing date from his judge, filed
3 the motion to approve the settlement. The hearing date has
4 been scheduled for December 21. And he was also able to obtain
5 a hearing date of December 2nd for approval of the disclosure
6 statement, so that he is subject to Your Honor approving the
7 New York aspect of this settlement. He is going to try not to
8 lose too much time, prepare a disclosure statement over the
9 month of October so that the adequacy of that disclosure
10 statement can be heard by the judge on December 2nd. Hopefully
11 the judge will approve the settlement at the end of December,
12 confirmation will take place in the early parts of 2011, and we
13 will be able to move forward on the plan.

14 Your Honor, I think -- in assessing the settlement, I
15 think there are four basic tenets that, once accepted, the
16 approval of the settlement will flow directly from that. The
17 first is that there's no bona fide creditor of LCPI that has
18 objected to the settlement. Two, even the responding parties
19 do not contend that the settlement is unfair from LCPI's
20 perspective. Third, the settlement does not seek to adversely
21 modify any rights except the signatories to the term sheet. In
22 other words, this is a settlement between the SunCal trustee on
23 behalf of the SunCal estate, and LCPI on behalf of itself and
24 the first lien lenders. Fourth, that this settlement was
25 approached with the interest of the LCPI estate. That was the

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1 And I think, just to put it on the table, he's being
2 helpful because he is a party, his client is a party to an
3 intercreditor agreement that says that "The second-lien agent
4 will not contest or support any person in contesting in any
5 proceeding the priority, validity or enforceability of a lien
6 held by the first-lien lender claim holders in their first-lien
7 collateral." So he's skating very close to it, and so as a
8 nonparty to this action he's coming forward with this type of
9 helpful suggestion.

10 With regard to LBREP Lakeside, they are not asserting
11 that this settlement is unfair to the creditors of LCPI. They
12 are not criticizing LCPI's decision to settle claims asserted
13 by the SunCal trustee. In reality, their only complaint is
14 that they're not getting a settlement as well too; they want a
15 settlement. It would be nice if they settled but there is no
16 settlement on the table right now. They value their claim at
17 zero. The SunCal trustee values their claim as something more
18 than zero. They haven't been able to bridge the gap.

19 But there's nothing in this settlement that prevents
20 LBREP from settling with the SunCal trustee. There's nothing
21 at all that affects their rights. They could do it tomorrow.
22 They could do it next week. They could do it before December.
23 We can't force the SunCal trustee to settle with LBREP.
24 Certainly we can't force it to settle it at a zero number. And
25 there's nothing in the amended term sheet that is preventing

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1 them from settling.

2 They've conjured up a whole bunch of arguments, none
3 of which are grounded in any type of law. Since we say that
4 there's nothing in this settlement that's affecting any of
5 LBREP's rights they still somehow say that based on some law
6 which isn't apposite that we are profiting from our wrongdoing
7 because we're settling on the loans that we made while they're
8 still exposed on the dividend recap. The cases that they cite
9 all relate to one party directly suing another party.

10 THE COURT: I read the footnote that included some of
11 the very interesting cases that were cited --

12 MR. STEINBERG: Okay, so --

13 THE COURT: -- involving photographs and real contests
14 and the like.

15 MR. STEINBERG: So the general obligation law citation
16 which is really just a bootstrap of the same argument that you
17 shouldn't be able to profit from the other: (a) we don't have
18 a litigation; (b) we're not asserting contribution claims; and
19 (c) even if we had -- if we were joint tortfeasors and we were
20 asserting contribution claims they get the benefit of the
21 reduction of their liability under New York general obligations
22 law.

23 THE COURT: Okay.

24 MR. STEINBERG: You heard that part. All right, so
25 then I'll leave with the last two arguments that they have.

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1 fully examine the cases that have been cited both by LBREP and
2 by LCPI on the subject of the applicability of these various
3 cases and also the standards applicable to third parties
4 claiming potential damage on account of a settlement.

5 I don't see a clear connection between this settlement
6 and the damage alleged by LBREP, but I want to give it some
7 more thought. It also occurs to me that the proper form for
8 raising many of these issues is the bankruptcy court in Santa
9 Anna, California when the settlement will be presented to Judge
10 Smith and when there will also be a plan process that will
11 allow parties who can legitimately demonstrate that they are
12 adversely affected by this to have their day in court. So I'm
13 going to give this some more thought. But the clear indication
14 that you should take away from this is that the objections are
15 going to be, in all likelihood, overruled, that the settlement,
16 in all likelihood, be approved and that I'll take appropriate
17 action in connection with the proposed form of order as
18 promptly as I can do that.

19 To the extent that any party may wish to submit
20 anything in addition to what has already been presented today
21 in the form of a letter brief, my suggestion is that that be
22 done by no later than September 27 which is next Monday. I'm
23 not encouraging that that be done. I'm simply noting that if
24 you feel that there is something more than needs to be brought
25 to my attention while I'm thinking about this that that will be

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C E R T I F I C A T I O N

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4 I, Clara Rubin, certify that the foregoing transcript is a true
5 and accurate record of the proceedings.

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8 Clara Rubin

9 AAERT Certified Electronic Transcriber (CET**D-491)

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17 Date: September 24, 2010

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